

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17282
[Redacted],)		
)	DECISION
Petitioners.)	
_____)	

On February 13, 2003, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable years 1998 through 2001 in the total amount of \$30,112.

The taxpayers filed a timely appeal. They did not request a hearing and did not submit additional information. Therefore, the Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Because Tax Commission records showed the taxpayers met the state income tax filing requirements and had not filed Idaho returns for the years in question, the Bureau attempted to contact the taxpayers for an explanation of why no Idaho returns had been filed. The taxpayers did not respond to the inquiry.

[Redacted] Idaho Code § 63-3045 (1)(a) states:

63-3045. Notice of redetermination or deficiency -- Interest. (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax

commission and obtain redetermination of the deficiency.

Because the taxpayers had not filed Idaho income tax returns for the years 1998 through 2001, the Bureau prepared returns on their behalf and sent them a Notice of Deficiency Determination. In response, the taxpayers sent a letter that protested the determination. In that letter, the taxpayers said there were several errors in the determination including the income amounts and the lack of exemptions for their five children. They said they were in the process of contacting employers and others to secure tax related documents and asked for additional time to complete and file the missing returns.

The Bureau responded with a letter wherein the taxpayers' protest was acknowledged and a continuance was granted until May 16, 2003. When the taxpayers did not submit any information by May 16, 2003, the Bureau sent them an additional letter. Again, the taxpayers did not respond.

Nothing further was heard from the taxpayers and their file was transferred to the Legal/Tax Policy Division for administrative review. They did not respond to a letter from the Tax Appeals Specialist that advised them of their appeal rights.

Tax Commission records show that during 1998 through 2001 the taxpayers were Idaho residents with Idaho sourced income in excess of Idaho's filing requirements. However, they did not file Idaho individual income tax returns for any of the years.

The taxpayers' income amounts were obtained from the records retained by the Idaho Department of Labor [Redacted]. The income included wages received by both taxpayers and several stock and bond transactions. Exemptions for the taxpayers' children were not reflected in the computations because the Tax Commission did not have those records or access to those records.

On August 22, 2003, the Tax Appeals Specialist telephoned [Redacted] to clarify the number of

exemptions the taxpayers qualified to claim each year. [Redacted] said she and her husband qualified to claim all five children as dependents each of the taxable years 1998 through 2001.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

The Tax Commission finds the determination should be adjusted to recognize the taxpayers' five additional exemptions for each of the years at issue. Withholding was allowed to offset the tax due according to the amounts identified in the records retained by the Tax Commission.

WHEREFORE, the Notice of Deficiency Determination dated February 13, 2003, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1998	\$ 541	\$ 135	\$ 171	\$ 847
1999	4,545	1,136	1,102	6,783
2000	8,804	2,201	1,431	12,436
2001	3,028	757	258	<u>4,043</u>
			TOTAL	\$24,109

Interest is computed through September 30, 2003.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayer's right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2003.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this _____ day of _____, 2003, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]
